

### Pyaridevi Chabiraj Steels Private Limited: Assigned

Facilities	Amount (Rs Crore)	Rating/Outlook
Cash Credit	9.50	SMERA BB-/Stable (Assigned)
Proposed Long Term	5.50	SMERA BB-/Stable (Assigned)

SMERA has assigned long-term rating of **'SMERA BB-' (read as SMERA double B minus)** on the Rs.15.00 crore bank facility of Pyaridevi Chabiraj Steels Private Limited (PCSPL). The outlook is **'Stable'**. The rating draws support from the experienced management and moderate financial risk profile marked by moderate gearing and interest coverage. However, the rating is constrained by the working capital intensive business and stretched liquidity (94 per cent bank cash credit limit utilised during October 2015 to May 2016). The rating is also constrained by the intense competition in the steel industry.

PCSPL has achieved operating income of Rs.62.30 crore in FY2015-16, a decline from Rs.63.72 crore in FY2014-15. The company has moderate financial risk profile marked by moderate scale of operations of Rs.62.30 crore with profit after tax of Rs.0.34 crore in FY2015-16 and moderate gearing (debt-to-equity) of 1.99 times as on March 31, 2016 against 4.06 times in FY14-15. Moreover, the interest coverage ratio stood at 1.68 times in FY2015-16 against 1.94 times in FY2014-15. The company registered PAT margin of 0.54 per cent in FY2015-16 as against 0.61 per cent in FY2014-15. PCSPL operates in an intensely competitive segment of the steel products industry.

#### Outlook: Stable

SMERA believes that PCSPL will maintain a stable outlook and continue to benefit over the medium term from its long standing presence in the steel industry and rich experience of its promoters. The outlook may be revised to 'Positive' if the company scales up its revenue along with improvement in profit margins. Conversely, the outlook may be revised to 'Negative' if the capital structure and margins further deteriorate weakening the financial risk profile.

#### Rating Sensitivity Factors

- Improvement in revenue and profitability profile
- Improving working capital cycle

#### Criteria applied to arrive at the ratings:

- Manufacturing Entities

#### About the Company

The Howrah-based PCSPL was incorporated in 2005 by Mr. Binay Pandey and Mrs. Sushmita Pandey. The company is engaged in the manufacturing and trading of stainless steel fittings and flange.

For FY2015-16, the company reported profit after tax (PAT) of Rs.0.34 crore on operating income of Rs.62.30 crore, as compared with profit after tax (PAT) of Rs.0.39 crore on operating income of Rs.63.72 crore in FY2014-15. The net worth stood at Rs.5.86 crore as on March 31, 2015 against Rs.2.62 crore a year earlier.

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